



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: William F. Sherry, A.A. E
Director of Aviation

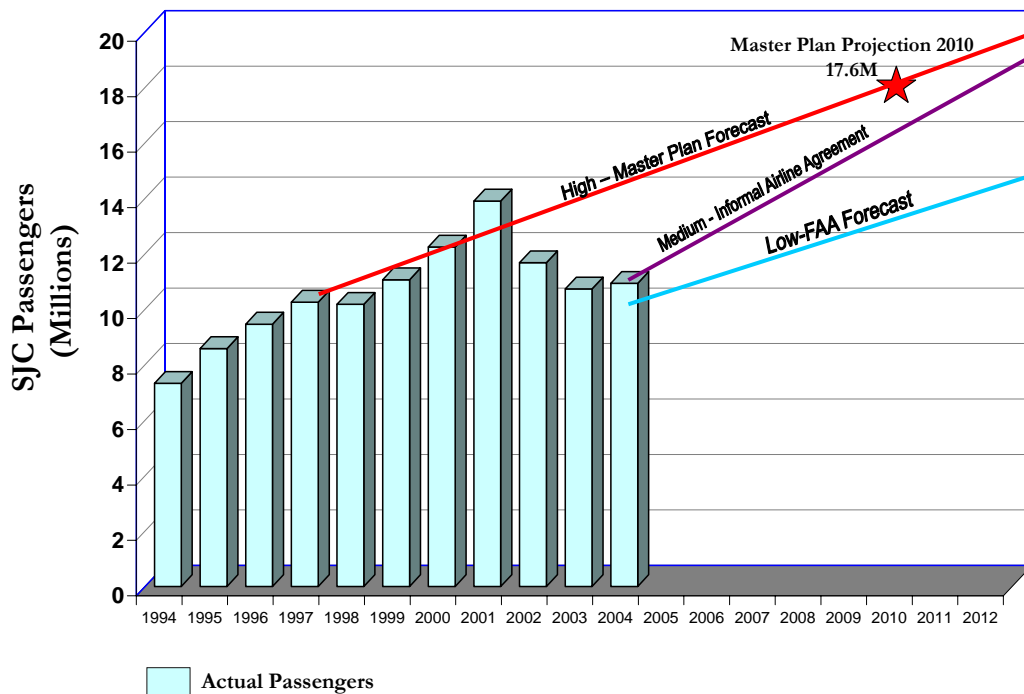
SUBJECT: Additional Information on
Airport Passenger Activity
Projections

DATE: May 20, 2005

Approved /s/ Date 05/6/05

This memorandum is prepared in response to a question raised during the May 11th, Transportation and Aviation Services Budget Study Session. The graph below reflects the forecasted Airport passengers through 2012. Represented below are actual passenger levels for the past 10 years, where annual growth rates range from a high of 17.4% in 1995 to a decrease of 16.1% in 2002.

Mineta San Jose International Airport Passenger Forecast



High – The Airport Master Plan adopted in 1997 projected annual air passenger demand to reach 17.6 million by the year 2010. As national and local economic factors are a primary determinant of passenger demand, in the early years of Master Plan implementation (through 2000), activity increased at a higher rate than projected over the long-term, while since 2000, activity has generally declined or leveled off. However, passenger volume in 2004 (11.0 million) increased 3.5% over 2003, the first increase in four years, an indication that Airport activity may be entering a growth cycle again. While the Master Plan projection of 17.6 million annual passengers in the year 2010 currently appears optimistic, activity is nevertheless expected to reach this demand level within the medium-range timeframe and continuing growing thereafter, consistent with the longer-term projections of the Federal Aviation Administration (FAA) and the Metropolitan Transportation Commission (MTC).

Medium - In February 2005, the Airport and airlines came to an informal agreement on the passenger forecast to be used for financial projections relative to the North Concourse and necessary security projects. Based on historical data, an average annual growth rate of 6.5% over a ten-year period was agreed to be used.

Low – The FAA projections are from the “Terminal Area Forecast System”, one of several forecasts used by the FAA, which reflects annual growth averaging 4%.

Since the current Airport Master Plan is based on a horizon year of 2010, the Airport's proposed 5-year CIP Advance Planning Project includes preparation of an updated set of long-range demand projections and associated facility improvement recommendations, and environmental analysis for subsequent incorporation into the Master Plan.

/s/

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